

MARCH MEETING MINUTES
BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH



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A public meeting was held on Wednesday, March 25, 2015, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

ATTENDEES:

Board Members:

Ruland J. Gill, Jr, Chairman
Richard K. Borden
Michael R. Brown
Susan S. Davis
Chris D. Hansen, Excused
Carl F. Kendell
Gordon L. Moon

Utah Attorney General's Office, Natural Resources Division:

Michael S. Johnson, AAG, representing the Board
Steven F. Alder, AAG, representing the Division
Douglas J. Crapo, AAG, O'Hara Scholar
John Robinson Jr., AAG, O'Hara Scholar

Division of Oil, Gas and Mining:

Mike Styler, Executive Director, Natural Resources
John R. Baza, Division Director
Earlene Russell, Admin. Assistant
Jim Springer, PIO
Steve L. Schneider, Admin. Policy Coordinator
Julie Ann Carter, Board Secretary
John Rogers, Assoc. Director, Oil and Gas Program
Dana Dean, Assoc. Director, Mining Program
Steve Fluke, Mgr., AMRP Program
Ruby Jo Anderson, AMRP Program
Paul Baker, Mgr., Mining Program
April Abate, Mining Program

Leslie Heppler, Mining Program
Mike Bradley, Mining Program
Jan Morse, AMRP Program
Daron Haddock, Mgr., Coal Program
Randy Thackeray, Audit Mgr., Oil and Gas Program
Brad Hill, Permit Mgr., Oil and Gas Program
Ammon McDonald, Geologist, Oil and Gas Program
Dayne Doucet, Petroleum Engineer, Oil and Gas Program
Josh Payne, Oil and Gas Program
Amanda Daniels, Coal Program
Cheryl Parker, Coal Program
Wayne Western, Minerals Program

Earth Day Award Presenters:

Trevor Heaton, Senior Reclamation Engineer, Rio Tinto Kennecott
Lynn Kunzler, DOGM, Mining Program, on behalf of Star Stone Quarries, Inc.
Dave Enos, Mgr. Dormant Properties, with Lynn Kunzler, OGM, for Teck American, Inc.
Carl Winters, General Mgr, Jeremiah Armstrong, Gregg Galecki, and Greg Brown, Canyon Fuel Co. - Skyline Mine
Ken May, General Mgr, Canyon Fuel Co. - Sufco Mine
Jeff Dufresne, Anadarko Petroleum Corp.
Cameron Cuch, and Danielle Gavito, Regulatory Team Lead, Crescent Point Energy
John Spencer, Simplot Phosphates, LLC

Bureau of Land Management

Michael Coulthard
Tim Ingwell
Michael Richens
Gerald Kenczka

School and Institutional Trust Lands Administration

Jim Davis

Members of the Public:

Lowell Braxton, Western Energy Alliance	Rob Simmons, DEQ
Lee Peacock, Utah Petroleum Association	Craig Brown
Mark Compton, Utah Mining Association	Lynn Larsen
Clifford Greene	Wyatt Shakespear
Denise Dragoo, Snell & Wilmer	Nate Wixom
Tom Clawson, Van Cott Behle Cornwall &	Brad Wixom
McCarthy	Mark Wixom
Vicky Miller, Canyon Fuel Co. – Sufco	Kimball Hodges
Mine	

The Board Chairman, Ruland J. Gill, Jr., called the meeting to order at 8:00 a.m. The first order of business was to swear in new Board Member, Richard K. Borden. Mike Styler, Executive Director, Natural Resources, conducted the swearing in ceremony.

The Division of Oil, Gas and Mining conducted a Briefing Session at 8:00 a.m.:

1. Earth Day Presentations
Presentations began at 8:05 a.m. and proceeded in the following order:
 1. Rio Tinto – KUC
 2. Star Stone Quarries, Inc.
 3. Teck American, Inc.
 4. Canyon Fuel Co. – Skyline Mine
 5. Canyon Fuel Co. – Sufco Mine
 - Copperton Highline Reclamation
 - Rosebud Quarry Reclamation
 - Apex Mine Reclamation
 - Corporate Citizenship Projects
 - Skumpah Canyon Exploration Projects

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| 6. | Anadarko Petroleum Corp. | Methane Capture Project |
| 7. | Crescent Point Energy | Randlett 3D Geophysical Operations |
| 8. | Crescent Point Energy | LeLand Bench Paleo/Archeological |
| 9. | Simplot Phosphates, LLC | Sage Grouse Habitat Creation |

The Board will meet today during a working luncheon to determine next month's Earth Day award winners.

2. Legislative Update

John Baza offered to have Steve Schneider or he answer any questions to the report. Chairman Gill inquired about SB189 and John Baza explained.

3. Other

John Baza informed the Board that the BLM's new hydraulic fracturing regulations were published on March 20, 2015, totaling 395 pages.

4. Next Month's Agenda and Division Calendar

John Baza highlighted April 22nd as the next hearing date in Moab, Utah.

5. Opportunity for Public Comment

The Board Chairman opened the meeting for public comment. No members of the public came forward to comment.

6. A meeting was held during a working luncheon in room 1010 to determine next month's Earth Day award winners.

Time: 12:35 p.m. - 1:10 p.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Division of Oil, Gas and Mining staff present - John R. Baza, Earlene Russell, Jim Springer, Julie Ann Carter, John Rogers, and Dana Dean.

The Board discussed the merits of each presentation to determine whether each nominee had met the requirements of an Earth Day Award. The following votes were recorded for each nominee:

1. Rio Tinto – KUC, Copperton Highline Reclamation, was selected for an Earth Day Award by unanimous vote, with Rich Borden abstaining.

2. Star Stone Quarries, Inc., Rosebud Quarry Reclamation, was selected for an Earth Day Award by unanimous vote.
3. Teck American, Inc., Apex Mine Reclamation, was selected for an Earth Day Award by unanimous vote.
4. Canyon Fuel Co. – Skyline Mine, Corporate Citizenship Projects: The Board declined this nomination by unanimous vote.
5. Canyon Fuel Co. – Sufco Mine, Skumpah Canyon Exploration Projects, was selected for an Earth Day Award by unanimous vote.
6. Anadarko Petroleum Corp., Methane Capture Project: The Board declined this nomination by a vote of 4 to 2. Ruland Gill, Mike Brown, Carl Kendell, and Susan Davis voted no, Gordon Moon and Rich Borden voted yes.
7. Crescent Point Energy, Randlett 3D Geophysical Operations, was selected for an Earth Day Award by unanimous vote.
8. Crescent Point Energy, LeLand Bench Paleo/Archeological, was selected for an Earth Day Award by unanimous vote.
9. Simplot Phosphates, LLC, Sage Grouse Habitat Creation, was selected for an Earth Day Award by unanimous vote.

The Earth Day Awards will be presented at the April 22, 2015, Board hearing in Moab, Utah.

The Board heard the following Matters at 10:00 a.m.:

Please note: The transcript will be available for review at the Division offices approximately fifteen business days after the hearing date. Copies of the transcript may be purchased by calling Alpine Court Reporting at (801) 691-1000 and requesting individual matters by docket and cause number, and by hearing date.

1. Per Acre Bonding Costs for Small Mines and Exploration – The Division will present information about average costs per acre for reclamation, followed by an opportunity for public comment. The Board will be asked to approve a figure that will be used for bonding small mines and exploration operations.

Time: 10:15 a.m. - 10:28 a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

For the Division – Wayne Western, Minerals Program.

Mr. Wayne Western, UDOGM Minerals Program, gave a presentation to the Board on how bond amounts are calculated for Small mines and Exploration Projects. Title 40 Chapter 8 Section 14 (1)(c) requires the Division to give a presentation to the Board every year on how the Division of Oil, Gas, and Mining calculates bond costs. The purpose of this is to give members of the public the opportunity to comment on bond calculation methods.

There were no comments from members of the public after Mr. Western's presentation.

The Board made a motion to adopt the Division's per acre bond calculation rates for this year as presented. The motion passed by unanimous vote.

2. Docket No. 2014-037 Cause No. ACT/007/020 (04) – In re Hidden Splendor Mine, Inc. and Request by the Utah Division of Oil, Gas and Mining that the Board of Oil, Gas and Mining Forfeit the reclamation surety which consists of a Deed of Trust in Unit No. R-2404-N of the American Towers Condominiums located at 57 West 200 South, Salt Lake City, Salt Lake County, Utah; and has been provided to guaranty reclamation of the Horizon Mine, Permit ACT/007/020 located in Sections 13 and 17, Township 13 South, Range 8 East, SLM, Carbon County, Utah.

(This matter was continued from the February hearing.)

Time: 10:28 a.m. - 10:28 a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division – Steven F. Alder, and Douglas J. Crapo, Assistant Attorneys General, Natural Resources.

Counsel for Hidden Splendor Resources, Inc. - Denise A. Dragoo, and James P. Allen, Snell & Wilmer L.L.P. Not present.

This matter is continued to the April 22, 2015 Board hearing.

3. Docket No. 2015-001 Cause No. 176-05 – In the Matter of the Request for Agency Action of WHITING OIL AND GAS CORPORATION for an Order authorizing the venting or flaring of gas from the Moroni 11M-1107 Well located in Section 11, Township 15 South, Range 3 East, S.L.M., Sanpete County, Utah.

(This matter was continued from the February hearing.)

Time: 10:28 a.m. - 10:28 a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division – John Robinson Jr., Assistant Attorney General, Natural Resources. Witnesses: Dustin Doucet, and Brad Hill.

Counsel for the Petitioner - Thomas W. Clawson, Van Cott, Bagley, Cornwall & McCarthy.

Witness:

Counsel for the Respondent: International Petroleum Limited Liability Company – Anthony T. Hunter.

Witness: Bryon Wixom.

This matter is continued to the April 22, 2015 Board hearing.

4. Docket No. 2015-009 Cause No. 176-06 – In the Matter of the Request for Agency Action of INTERNATIONAL PETROLEUM LIMITED LIABILITY COMPANY, et al, for a horizontal drilling unit for the production of oil and gas from the Tununk Member consisting of Section 11, Township 15 South, Range 3 East, S.L.M., Sanpete County, Utah.

(This matter was continued from the February hearing.)

Time: 10:29 a.m. - 3:13 p.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division – Steven F. Alder, Assistant Attorney General, Natural Resources. Witnesses: Brad Hill, Dustin Doucet, and John Rogers.

Counsel for the Petitioner – Anthony T. Hunter, Attorney for International Petroleum Limited Liability Company and Bro Energy, LLC.

Witness: Brian Wixom, Terra Miller, John Adamson, and Leonard West.

Counsel for the Respondent: Whiting Oil and Gas Corporation - Thomas W. Clawson, Van Cott, Bagley, Cornwall & McCarthy.

Witness:

Interest Owner - Clifford Greene, an interest owner in the project area, is in support of development in the area.

The Board continued the matter without date by unanimous vote. The parties are instructed to file a joint motion to continue without date, including the retroactive spacing date.

5. Docket No. 2015-011 Cause No. 196-45 – In the Matter of the Request for Agency Action of FIDELITY EXPLORATION & PRODUCTION COMPANY for an Order authorizing the flaring of gas in excess of the amounts allowed under Utah Admin. Code Rule R649-3-20(1.1) from the Cane Creek Unit 32-1-25-19 Well located in Section 32, Township 25 South, Range 19 East, SLM, Grand County, Utah

Time: 10:28 a.m. - 10:28 a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division – John Robinson Jr., Assistant Attorney General, Natural Resources.

Witnesses: Dustin Doucet, and Brad Hill.

Counsel for the Petitioner - Frederick M. MacDonald, MacDonald & Miller Mineral Legal Services, PLLC.

Witnesses:

This matter is withdrawn without prejudice at the request of the petitioner.

6. Docket No. 2015-012 Cause No. 142-13 – In the Matter of the Request for Agency Action of CRESCENT POINT ENERGY U.S. CORPORATION for an Order establishing the Southern Randlett Increased Well Density Development Project Area for the production of oil, gas and associated hydrocarbons from the Eocene Middle and Lower Green River and portions of the Paleocene Wasatch Transitional Formations underlying the N1/2 of Section 16, the S1/2 of Section 15 and the NW1/4 of Section 15, Township 4 South, Range 2 East, USM, Uintah County, Utah

Time: 3:13 p.m. - 3:57 p.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Richard K. Borden, Michael R. Brown, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Chris D. Hansen was excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division – Steven F. Alder, Assistant Attorney General, Natural Resources.

Witnesses: Brad Hill, Dustin Doucet, and John Rogers.

Counsel for the Petitioner – Jack R. Luellen, and Brent D. Chicken, Fox Rothschild LLP
Witnesses: Jordan Wells, Katie Matthews, and Laura Roberts.

The Board approved the Request for Agency Action as to the well locations, subject to a provision that the matter is not a precedent for another matter, by unanimous vote. Jack Luellen will write the order.

The meeting adjourned at 3:57 p.m.